

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Monday, February 12, 1951.

PRESENT: Mr. McCabe, Chairman
Mr. Szymczak
Mr. Evans
Mr. Vardaman
Mr. Norton
Mr. Powell

Mr. Carpenter, Secretary
Mr. Sherman, Assistant Secretary
Mr. Kenyon, Assistant Secretary

Minutes of actions taken by the Board of Governors of the Federal Reserve System on February 9, 1951, were approved unanimously.

Memorandum dated January 30, 1951, from Mr. Young, Director of the Division of Research and Statistics, recommending an increase in the basic salary of Homer Jones, Chief of the Consumer Credit and Finances Section in that Division, from \$10,500 to \$10,750 per annum, effective February 18, 1951.

Approved unanimously.

Memorandum dated February 9, 1951, from Mr. Horbett, Assistant Director of the Division of Bank Operations, recommending increases in the basic annual salaries of the following employees in that Division, effective February 18, 1951:

<u>Name</u>	<u>Title</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
Raymond J. Collier	Technical Asst.	\$6,400	\$6,600
Paul F. Smith	Analyst	4,725	4,850
Mary M. Durkan	Analyst	4,075	4,200
Sarah L. Trott	Secretary to Mr. Horbett	3,950	4,075

Approved unanimously.

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Memorandum dated February 7, 1951, from Mr. Young, Director of the Division of Research and Statistics, recommending that the resignation of Mrs. Laura Gilman Saunders, an economist in that Division, be accepted to be effective, in accordance with her request, at the close of business February 5, 1951.

Approved unanimously.

Memorandum dated February 7, 1951, from Mr. Sloan, Assistant Director of the Division of Examinations, recommending that the resignation of William R. Corkhum, an Assistant Federal Reserve Examiner in that Division, be accepted to be effective, in accordance with his request, at the close of business February 12, 1951.

Approved unanimously.

Memorandum dated February 7, 1951, from Mr. Horbett, Assistant Director of the Division of Bank Operations, recommending that the temporary indefinite appointment of Miss Jean T. Powell a statistical clerk in that Division, be extended on a permanent basis, effective February 18, 1951, with an increase in salary from \$2,650 to \$2,730 per annum, effective February 18, 1951.

Approved unanimously.

Letter to Mr. Kimball, Vice President of the Federal Reserve Bank of New York, reading as follows:

"Reference is made to your letter of January 31, 1951, advising that, as a result of the salary increases

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"approved by the Board of Governors, the 1951 head office budget for salaries of employees will be increased by \$702,486 and for Retirement System contributions by \$73,966. Appropriate notations with regard thereto are being made in the Board's records."

Approved unanimously.

Letter to Mr. Gidney, President of the Federal Reserve Bank of Cleveland, reading as follows:

"This will acknowledge your letter of January 25, 1951, requesting the Board of Governors to review informally increases which the directors recommend in the salaries of certain officers at the Head Office and the Branches, effective January 1, 1951.

"While it had been the intention of the Board to review these salaries in advance of the usual time, General Regulation No. 5 issued by the Wage Stabilization Board specifies that merit and/or length-of-service increases may be made only at the time salaries would 'normally be reviewed'. Since it has been customary for the Board to consider the salaries of officers in April of each year to be effective May 1, it appears that it will be necessary, unless subsequent regulations permit otherwise, for the Board to defer any consideration of the adjustments proposed in your letter of January 25 until April."

Approved unanimously.

Letter to Mr. Earhart, President of the Federal Reserve Bank of San Francisco, reading as follows:

"This will acknowledge your letter of January 23, 1951, requesting the Board of Governors to approve increases in your salary structures to be effective January 1, 1951.

"Because of the recent action of the Government in controlling salaries, it will be necessary for the Board to defer consideration of the proposed structure adjustment. The regulations which have been issued by the Government, while permitting certain increases within

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"established salary scales, have not yet indicated under what circumstances adjustments will be permitted in salary structures. You may be assured that when the necessary clarification of the Government order is received, your request will be promptly presented to the Board of Governors for action."

Approved unanimously.

Letter prepared for the signature of the Chairman, to all Banks, to be dated February 13, 1951, reading as follows:

"The fight to protect the buying power of the dollar is everybody's business and every individual in the Nation can do something about it. For that reason I unreservedly endorse the educational program recently mapped out by the Consumer Credit Committee of the American Bankers Association. I hope that you will help to see that these very practical suggestions get the widespread attention which they deserve.

"As a Nation we must come to grips with the problem of preventing further increases in the cost of living. The greatest result of all will come if everyone of us will take the leadership in the practice of thrift and economy in our personal lives, in our businesses and in Government at all levels.

"This is no time to splurge, to borrow thoughtlessly, to be extravagant, to spend unnecessarily. Let us not underestimate the force of voluntary self-restraint. We know that hoarding and extravagance can be contagious. So can restraint.

"Inflation is not inevitable -- but the best efforts of all of us are necessary to keep its destructive forces in check."

Approved unanimously.

Letter to Honorable Melvin Price, House of Representatives, Washington, D. C., reading as follows:

"This is in reference to the letter which you referred to the Board on January 25, 1951, from Mr.

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"William A. Cochran concerning regulations on mortgage credit.

"The first matter which Mr. Cochran raises - military housing - is one which comes under the jurisdiction of the Housing and Home Finance Agency rather than the Board of Governors. We are, therefore, sending a copy of Mr. Cochran's letter to that agency for consideration.

"The second point concerns the down payment requirements effected by this Board's Regulation X and the companion restrictions issued by the Housing and Home Finance Agency. The down payment requirements in the Board's regulation range from 10 per cent in the case of houses valued at less than \$5,000 to 50 per cent in the case of houses valued at more than \$24,250. Thus it is only for the higher priced homes that down payments must be 50 per cent.

"The terms of the regulations were determined after intensive study by experts in the field of home financing. Not only did representatives of Governmental agencies concur in the terms, but prominent businessmen with a wide knowledge of home financing were consulted and their judgments considered.

"It is the expectation of the Board and the Federal Housing authorities that the regulation will reduce the volume of housing construction from the record levels of 1950. It has been suggested that it would be desirable if the production of new housing units this year could be cut to about 850,000. Should the regulation have that effect, such a level of construction would still compare favorably with the high level of construction activity in other years since World War II.

"Please do not hesitate to call upon us if we can be of further service."

Approved unanimously.

Memorandum dated February 12, 1951, from Mr. Hooff, Assistant Counsel, recommending that there be published in the law department of the February issue of the Federal Reserve Bulletin statements

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in the form attached to the memorandum with respect to the following:

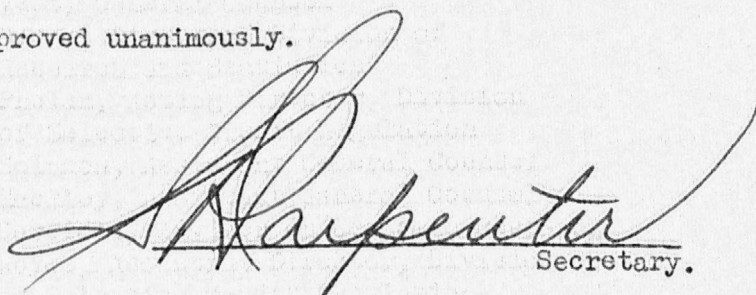
Trust Powers of National Banks
Amendments to Regulation F

Consumer Credit
Automobile Appraisal Guides

Loan Guarantees for Defense Production
Amendment to Form of Guarantee Agreement

Real Estate Credit
Amended Regulation X
Maximum Maturity
Real Estate Brokers

Approved unanimously.


Secretary.